



Billing Code: 9111-23-P

DEPARTMENT OF HOMELAND SECURITY

Federal Emergency Management Agency

[Docket ID FEMA-2014-0009]

Simplified Procedures Project Thresholds for the Public Assistance Program

AGENCY: Federal Emergency Management Agency, DHS.

ACTION: Notice.

SUMMARY: On February 26, 2014, the Federal Emergency Management Agency (FEMA) published a final rule (79 FR 10685) revising the monetary thresholds for when FEMA will process an application using simplified procedures under its Public Assistance Program. FEMA based the revised thresholds on an analysis it completed pursuant to the Sandy Recovery Improvement Act of 2013. The findings of the analysis were submitted in a Report to Congress on January 29, 2014. FEMA is seeking comment on the findings in this Report to inform any future revisions to the project thresholds.

DATES: Comments must be received by [INSERT DATE 60 DAYS FROM DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Comments must be identified by docket ID FEMA-2014-0009 and may be submitted by one of the following methods:

Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.

Mail: Regulatory Affairs Division, Office of Chief Counsel, Federal Emergency Management Agency, Room 8NE, 500 C Street, SW., Washington, DC 20472-3100.

FOR FURTHER INFORMATION CONTACT: Liza Davis, Associate Chief Counsel, Regulatory Affairs, Office of Chief Counsel, Federal Emergency Management Agency, 500 C Street SW., Washington, DC 20472, 202-646-4046, liza.davis@fema.dhs.gov.

SUPPLEMENTARY INFORMATION

I. Public Participation

Instructions: All submissions received must include the agency name and docket ID. Regardless of the method used for submitting comments or material, all submissions will be posted, without change, to the Federal eRulemaking Portal at <http://www.regulations.gov>, and will include any personal information you provide. Therefore, submitting this information makes it public. You may wish to read the Privacy Act notice, which can be viewed by clicking on the “Privacy Notice” link in the footer of www.regulations.gov.

You may submit your comments and material by the methods specified in the ADDRESSES section of this Notice. Please submit your comments and any supporting material by only one means to avoid the receipt and review of duplicate submissions.

Docket: The Report to Congress and the final rule are available in docket ID FEMA-2014-0009. For access to the docket to read background documents or comments received, go to the Federal eRulemaking Portal at <http://www.regulations.gov> and search for the docket ID. Submitted comments may also be inspected at FEMA, Office of Chief Counsel, Room 8NE, 500 C Street, SW., Washington, DC 20472.

II. Background

FEMA’s Public Assistance program provides grants to State, Tribal, and local governments, as well as eligible private nonprofit organizations, for debris removal,

emergency protective measures, and the repair, replacement, or restoration of disaster-damaged facilities after a Presidentially-declared emergency or major disaster.¹ Each grant award is categorized as either a large or small project, which is determined by a monetary threshold set each year by FEMA pursuant to statute.² The Sandy Recovery Improvement Act of 2013 (SRIA)³ required FEMA to analyze the thresholds, and, based on its findings, to implement new thresholds immediately. FEMA submitted a Report to Congress, “Determination of the Public Assistance Simplified Procedures Thresholds,” on January 29, 2014.⁴ The report included a summary of FEMA’s analysis and findings. FEMA implemented the new thresholds based on those findings on February 26, 2014 via a final rule.⁵ FEMA raised the maximum threshold from \$68,500 to \$120,000; all projects below this amount are categorized as small projects, and all projects at or above this amount are categorized as large projects. FEMA raised the minimum threshold from \$1,000 to \$3,000.⁶ Both the maximum and minimum threshold will be adjusted annually to reflect changes in the Consumer Price Index for All Urban Consumers (CPI) published by the U.S. Department of Labor.

¹ The Public Assistance program is authorized by the Robert T. Stafford Disaster Relief and Emergency Assistance Act, as amended, 42 U.S.C. 5170a, 5170b, 5172, 5173, 5192.

² See 42 U.S.C. 5189; 44 CFR 206.203(c), 206.205. FEMA obligates money for a small project based on an estimate of the project cost; FEMA obligates money for a large project based on actual project costs as the project progresses and cost documentation is provided to FEMA. See 44 CFR 206.203(c); Public Assistance Guide, FEMA 322 (June 2007), Chapter 3, “Applying for Public Assistance,” “Project Formulation” available at <http://www.fema.gov/public-assistance-local-state-tribal-and-non-profit/public-assistance-guide-3>.

³ Public Law 113-2, section 1107, codified in relevant part at 42 U.S.C. 5189.

⁴ Both the Report to Congress and the Final Rule are included in the docket for this Notice on www.regulations.gov under Docket ID FEMA-2014-0009. A copy of the report is also available at <http://www.fema.gov/media-library/assets/documents/90458>.

⁵ See 79 FR 10685 (Feb. 26, 2014).

⁶ See *id.*

FEMA is seeking comment on the findings that are included in its Report to Congress, “Determination on the Public Assistance Simplified Procedures Thresholds,” to inform possible future revisions to the maximum and minimum thresholds.

III. Public Comment

FEMA welcomes comments on all aspects of the report. In general, FEMA expects that comments will be most useful if accompanied by supportive data and a recommendation for future action. FEMA is particularly interested in responses to the following questions:

1. How will the revised thresholds impact your State, Tribe, jurisdiction, or community? For example, please consider how the revised thresholds might impact the administrative costs of processing grants, the timeliness of receiving recovery funds, and the ability to ensure proper use of Public Assistance grant funding. Please provide data to support your statement, if available.

If available please provide input on the following:

a. How does the process to administer and close out Public Assistance grants vary between large and small projects in your State, Tribe, and/or local jurisdiction? (i.e., for both large and small projects, how does your State, Tribe, and/or local jurisdiction manage grants, disburse funds, conduct final projects inspections, verify the completion of the proposed scope of work, close out the projects, or require any other procedures for closing out a project)?

b. For large projects, how much time is typically spent per request for disbursement of additional funds based on completed work?

c. Since small project grants can be awarded based on the estimates, will the increase in the maximum threshold save time for subgrantees and grantees? If so, will this time be saved from:

- i. Reducing requests for additional funds for large projects as work progresses?
- ii. The need to track and reconcile actual costs?
- iii. Other savings?

d. Does your State, Tribe, or jurisdiction reconcile actual costs for both small and large projects regardless of Federal requirements?

e. What is the average amount of time spent on reconciling (if applicable and assuming the subgrantee is not requesting a net small project overrun) and closing a project, considering project amounts near the previous and current maximum thresholds, for example:

- i. Between \$40,000 and \$68,500?
- ii. Between \$68,500 and \$120,000?
- iii. Between \$120,000 and \$200,000?

f. Will there be a reduction in the number of final site inspections for projects between \$68,500 and \$120,000?

g. What is the average amount of time spent on a final site inspection for a project between \$68,500 and \$120,000?

h. If the increased maximum threshold would decrease the number of final site inspections, will that create grantee and/or subgrantees cost savings on transportation,

lodging, per diem, travel time and other associated final inspection costs? If so, what are the estimated savings?

i. Are there impacts to other processes and/or savings generated by the change in the maximum threshold for the grantees and/ or subgrantees? If so, what are these impacts and savings?

j. Will the maximum threshold change cause challenges to the grantees and subgrantees? If available, please provide any solutions to the identified challenges.

k. What processes does your State, Tribe or jurisdiction have in place to alleviate waste, fraud and abuse?

l. As a grantee, does your State, Tribe, or jurisdiction perform audits on small projects? If so, can you estimate how much it costs to complete the audit?

m. Does your State, Tribe, or jurisdiction foresee or plan to change your policies, procedures, laws, or regulations in response to the new maximum threshold?

For example:

i. Grantee/subgrantee cost shares for large or small projects (if so, can you estimate how much or by what percentage change)?

ii. Reconciliation for large or small projects?

iii. Audits for large or small projects?

iv. Additional consolidation of work on small projects?

2. How will the change to the minimum threshold impact your State, Tribe, jurisdiction, or community? For example, please consider how it might impact the administrative costs of processing grants, the timeliness of receiving recovery funds, and

the ability to ensure proper use of Public Assistance grant funding. Please provide data to support your statement, if available.

a. How many projects between \$1,000 and \$3,000 would be consolidated into a single project worksheet over \$3,000 based on a logical grouping of work (which is the current standard)? If not many, why?

b. Are there obstacles to project consolidation that FEMA needs to consider? If so, please provide solutions to the identified obstacles.

c. Is there a way to track the number of projects that will be consolidated? Would your State, Tribe, jurisdiction, or community be willing to submit data to support an estimate of the number of consolidated projects and/or participate in a survey to collect data?

d. Is there a way to track the number of projects that did not meet the minimum threshold and will not be consolidated? Would your State, Tribe, jurisdiction, or community be willing to submit data to support an estimate of the number of consolidated project and/or participate in a survey to collect data?

e. Will greater consolidation of projects based on a logical grouping of work under the minimum threshold save time in the closeout of a small project? For example, will closing one consolidated project worksheet save time compared to closing three separate project worksheets?

f. Does your State, Tribe, or jurisdiction foresee or plan to change your policies, procedures, laws, or regulations in response to the new minimum threshold? For example:

i. Training and policies for project consolidation and logical grouping.

ii. Change to disaster assistance minimum thresholds in your State, Tribe, or jurisdiction, if applicable.

3. Do you have other comments or recommendations related to this subject that you would like to share for FEMA's consideration?

Authority: 42 U.S.C. 5189.

Dated: November 7, 2014.

W. Craig Fugate,
Administrator,
Federal Emergency Management Agency.

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